

**MASTER PLAN OF TORRANCE
AND
HARBOR GATEWAY PROPERTIES**

OCTOBER 24, 1995

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MASTER PLAN OF TORRANCE
AND HARBOR GATEWAY PROPERTIES
EXECUTIVE SUMMARY
OCTOBER 24, 1995

(A) SUMMARY OF STUDY:

By letter dated August 21, 1995, Gascon Mar Ltd. was retained to undertake the following scope of work:

- (1) Generation of a conceptual land plan, showing location of key uses, access points, amenity features, approximate square footages and densities, etc.
- (2) Identification of key traffic and utility engineering issues, including intersection and ramp capacity constraints, tentative possible solutions, infrastructure limitations, etc.
- (3) Preliminary projection of revenues and expenses from development of the site.
- (4) Projection of fiscal and employment impact from the assumed development.

The purposes of this preliminary study were firstly to enable input to the City of Los Angeles on an alternative to the proposed Lockheed Martin plan, and secondly to provide an analysis of the financial, engineering and infrastructure impacts of this alternative.

Property to be covered by this study included 169 acres owned by McDonnell Douglas, 67 acres owned by Lockheed Martin, 14 acres owned by Capital Metals, and 18 acres owned by Jones Chemical/Montrose Chemical. Adjacent property owned by Toyota Motor Sales, U.S.A., Inc. and Allied Signal Aerospace was analyzed to ensure synergy with and conformance to the master plan already existing on these properties.

(B) GENERATION OF A CONCEPTUAL LAND PLAN:

Undertaken by PBR of Irvine, several different land plans were reviewed, using as a basis for evaluation a preliminary Highest and Best Use Study included as Tab 2 hereunder.

The selected alternative (see Tab 3) contains the following elements:

<u>Use:</u>	<u>McDonnell Douglas Ppty.</u>		<u>Other</u>		<u>Total</u>	
	<u>Ac.</u>	<u>Dev. Sq. Ft. '000</u>	<u>Ac.</u>	<u>Dev. Sq. Ft. '000</u>	<u>Ac.</u>	<u>Dev. Sq. Ft. '000</u>
Power Center	40	453	0	0	40	453
R & D/Corp. Ofc.:	23.2	505	59.4	1,265	82.6	1,770
M.D. Warehouse:	40.1	960	20.7	496	60.8	1,456
Industrial/R & D:	53.4	1,279	0	0	53.4	1,279
Park Amenity:	0	0	3.2	0	3.2	0
Local Service/Hotel:	<u>0</u>	<u>0</u>	<u>18.6</u>	<u>0</u>	<u>18.6</u>	<u>250</u>
TOTALS:	<u>156.7</u>	<u>3,197</u>	<u>101.9</u>	<u>1,761</u>	<u>258.6</u>	<u>5,208</u>

This plan was selected for the following reasons:

- (1) It provides the mix of uses and amenities suggested by Highest and Best Use and marketing considerations.
- (2) It enables a stand-alone plan to be implemented on the McDonnell Douglas property, should the group's efforts to include Lockheed Martin fail, but one which would be equally successful if the Lockheed Martin site were ultimately incorporated.
- (3) It is responsive to engineering, remediation and phasing issues associated with the development of the McDonnell Douglas site.

(C) IDENTIFICATION OF KEY TRAFFIC AND UTILITY ENGINEERING ISSUES:

(1) Traffic Engineering:

Based on the land plan, a preliminary review was undertaken by WPA Traffic Engineering, Inc. (Tab 4). Preliminary conclusions of this study are as follows:

- (a) The overall masterplan on the whole 258 acres generates 41,830 daily trips, with 4,150 at the a.m. peak and 4,975 at the p.m. peak.
- (b) The previous uses were estimated to produce 15,370 daily trips, with 2,990 at the a.m. peak, and 2,875 during the p.m. peak.
- (c) To mitigate these impacts, the additional east west linkages from Western Avenue to Normandie Avenue are considered essential, and

additional linkages from the main N/S project street both to Del Amo Blvd. and to Western Avenue at 195th Street are believed to be highly desirable.

(d) Significant impacts occur to the following intersections:

- * Ramps at Normandie Avenue
- * Ramps at Western Avenue
- * 190th Street and Western Avenue
- * 190th Street and Normandie Avenue

These impacts will be partially mitigated by construction of Del Amo Blvd.

(e) Ramp storage capacity at Normandie and the I-405 Freeway might have to be increased, but limitations on the I-405 Freeway itself would result in major ramp additions or improvements being unlikely.

(2) Civil Engineering:

Based on the land plan, Dalcin Cummins Associates undertook a preliminary engineering cost analysis and feasibility study for the McDonnell Douglas portion of the Master Plan (see Tab 5). Preliminary conclusions of this study are as follows:

- (a) Water, sewer, and dry utilities are available to the perimeter of the site, and will not require significant offsite upgrades.
- (b) Onsite detention of storm flows will be required, since the storm drain system will accept about 130 cfs, as opposed to a required 300 cfs.
- (c) Infrastructure design and development costs are anticipated to be \$15,282,000, subject to increase if significant offsite or land acquisition costs are incurred, although a 20% contingency has already been included.

(3) Infrastructure Financing:

An outline of the possible methods of obtaining financing assistance for the construction of project infrastructure was undertaken by Latham and Watkins (Tab 6). Many of the items depend on the discretion of the City of Los Angeles, which in turn will depend on the perceived fiscal and political benefits of the project. Additional research is required, particularly on the Infrastructure Financing District alternative which has some intriguing aspects.

(D) PROJECTION OF REVENUE AND EXPENSES FROM DEVELOPMENT OF THE SITE:

A preliminary projection of revenue and expenses from development of the site was undertaken. A development schedule was also undertaken, indicating subdivided parcels could be available for sale by mid 1997. Key assumptions were as follows:

- (1) Sale of the 40 acre retail site and the McDonnell Douglas warehouse land in 1997.
- (2) Sale of the balance of land in 1998-2003.
- (3) 1997 values ranging from \$7.50 per square foot for warehousing to \$12.00 per square foot for office, inflated at 5% per year.
- (4) Development costs as per the projections.
- (5) \$18,000,000 in remediation costs, and \$6,000,000 in demolition and asbestos abatement costs.

Based on the above assumptions, the following summarizes the detailed proformas attached as Tab 7:

Net Sales Proceeds:	\$84,041,531
Total Development Costs including Land:	<u>66,116,249</u>
Total Profit:	<u>\$17,925,282</u>
Return on Equity assuming \$10,000,000 Equity Contribution:	36%
Maximum A & D Loan Balance:	\$15,030,674

(E) PROJECTION OF FISCAL AND EMPLOYMENT IMPACTS FROM THE DEVELOPMENT OF THE SITE:

ERA Associates undertook a study of the total fiscal and employment impacts resulting from the development of the site, included as Tab 8. They concluded the following:

Annual fiscal benefits to the City of Los Angeles:

Sales Tax:	\$1,253,899
Business License Tax:	437,904
Utility Tax:	529,864
Incremental Property Tax:	<u>573,173</u>
Total:	<u>\$2,794,840</u>
Present Value of 10 Year Revenue stream.:	\$19,979,074
Construction Employment:	3,276
Permanent Employment:	3,710
Permanent Annual Wages:	\$93,521,000

(F) ISSUES/ACTIONS ITEMS:

A number of issues and action items should be reviewed, depending on the direction of the project, apart from filing an application. These include:

- (1) Establish identity for project (should be regional and memorable).
- (2) Determine feasibility of incorporating masterplanning themes, such as landscape, signage, monumentation, etc. for all properties including developed ones.
- (3) Assess potential of using assessments or Mello-Roos to underground 190th Street and Western Avenue power lines.
- (4) Determine strategy with Capital Metals.
- (5) Review potential uses for northwest corner of 190th Street and Western Avenue.
- (6) Review retail and MD Storage area layout with buyers and users.
- (7) Obtain ALTA surveys, topographical surveys and soils reports.
- (8) Ascertain railroad easement beneficiary.
- (9) Review Del Amo Blvd. extension.

- (10) Investigate remediation impact, cost and scheduling.
- (11) Mobilize support for project (Los Angeles, Torrance, Gardena, County, LAEDC, etc.) and utilize to accelerate processing.

240 ACRES, HARBOR GATEWAY
OUTLINE HIGHEST AND BEST USE ALTERNATIVES

(1) KEY LOCATIONAL CONSIDERATIONS

- (a) Located at the confluence of two major freeways, between the two main economic generators for the Los Angeles basin: Los Angeles/Long Beach Harbors and Los Angeles International Airport, United States gateway to the world's strongest economic region.**
- (b) Equidistant from the main business centers of southern California: downtown Los Angeles, Irvine, and the Westside/Santa Monica/Beverly Hills.**
- (c) The last of the major manufacturing facilities in the area to be recycled, and therefore the last large potential retail/business park location, (except for Shell's 240 acres in Carson).**
- (d) 20 minute travel time to all housing price ranges and the coast.**

(2) ECONOMIC TRENDS FOR NEXT 10 YEARS

- (a) Continuing growth in world trade will increase employment in trade related activities.**
- (b) Ongoing consolidation of defense industry.**
- (c) Employment decline in large companies but growth in small companies.**
- (d) Growth in service and technology based industries.***
- (e) Improved communications causing corporate location decisions to be based increasingly on lifestyle and cost considerations, as opposed to industry cluster factors.**
- (f) Increasing population with continued greater ethnic mix in Los Angeles, but slower population growth in South Bay due to lack of land.**

*** Torrance has more employment in high tech firms of under 1,000 employees headquartered in the City than all southern California cities apart from San Diego, Irvine, Anaheim, and Los Angeles, and actually has more such firms than Los Angeles.**

(3) IMPACT OF TRENDS ON REAL ESTATE MARKET

- (a) On-going demand for modern warehouse space.***
- (b) Growth in office space demand likely to be in suburban well planned low/medium density development as opposed to downtown high-rise development.**
- (c) Need to provide for smaller companies; successful projects will combine services and onsite amenities.**
- (d) Security critical.**
- (e) Slower growth in demand for retail space; main focus discounters.**
- (f) Latent demand for technology oriented space.**

*** Currently 10,000,000 square feet per year absorption in South Bay; 17,000,000 square feet or 10% vacancy. Once vacancy absorbed, approximately 500 acres per year will be required.**

(4) ISSUES ASSOCIATED WITH SUBJECT SITE DEVELOPMENT

- (a) Environmental clean-up: Risk Assessment driven based on likely end uses. Interaction between real estate and environmental critical to minimize costs.**
- (b) Potential for environmental cost recovery from insurers, etc.**
- (c) Infrastructure improvements necessary: ramps, signals, Del Amo Blvd.**
- (d) Does upgrading of existing use as opposed to change of use trigger City impact fees?**
- (e) Possibility of creating Redevelopment Project Area to facilitate infrastructure finance: need to sell project sizzle: job creation, significance of regional facility, no other comparable sites in Los Angeles south of Santa Monica Mountains.**
- (f) Image: Market as cohesive whole.**

(5) ANALYSIS OF DEVELOPMENT CATEGORIES:

- (a) Residential:** Currently \$6-\$12 per square foot depending on density, but
(a) unlikely to climb in value (b) negative fiscal impact and requires general
plan amendment (c) adverse environmental results (d) long term liability
issues (e) lower absorption.
- (b) Retail:** Power center likely, neighborhood center possible. Aggregate retail
demand about 50 acres, or 500,000 square feet; competitive sites may make
home improvement difficult; security issues may cause evaluation of
entertainment uses; demographics may be insufficient for certain uses such as
bookstores, etc. Current values for gross acreage in \$8 to \$10 per square foot
range; flat retail sales will limit growth in demand.
- (c) Other commercial:** Possibility of restaurant cluster but nighttime demand
problematic; hotels increasingly viable due to strength of South Bay market.
- (d) Manufacturing:** Small users, clean manufacturing attracted to campus
like environment.

(5) ANALYSIS OF DEVELOPMENT CATEGORIES (continued):

- (e) Warehousing: Good potential; Watson only competitive warehousing environment (although Shell a possibility) currently valuing at \$8 to \$9 per square foot for build-to-suits. Value increases likely but possible upside constraint is Inland Empire land.**
- (f) Office/R & D/High end Industrial: Limited demand now, but good environment and locational attributes could attract more users. Torrance has absorbed 300 acres of business park land (recycled industrial) in last 10 years and is out of large land parcels except for Allied Signal; no large users left to recycle. Current imputed values of \$9 to \$11 represent bargain compared with historic \$30 and business park environments in Orange County at \$12 to \$14, San Jose at \$16 to \$20. Subject site represents opportunity to create comparable environment.**

(6) SITE SPECIFIC LAYOUT ISSUES

- (a) 190th Street gives most retail exposure to freeway.**
- (b) Influence of Torrance and Toyota campus causes west side of site to be highest value area.**

(6) SITE SPECIFIC LAYOUT ISSUES (continued):

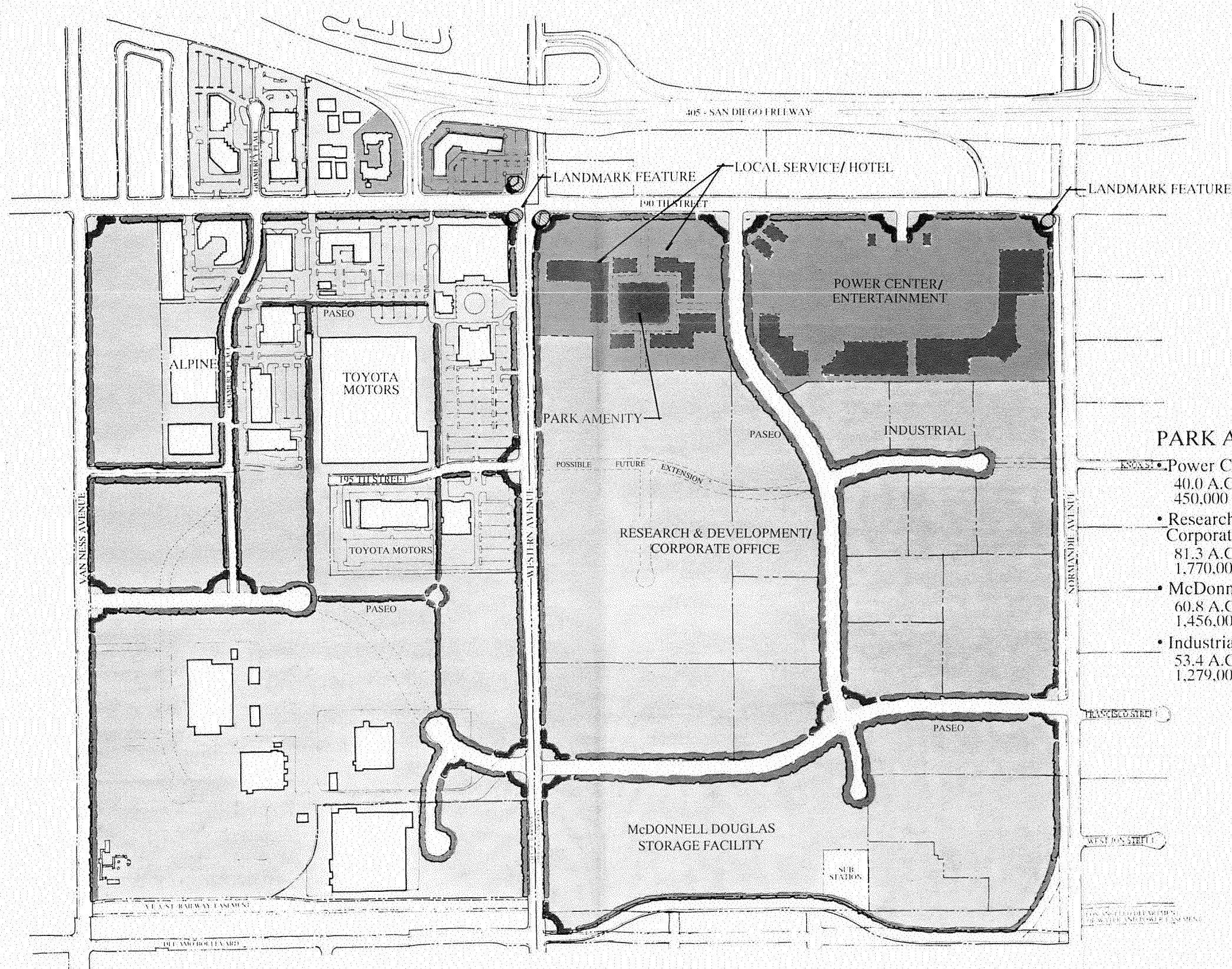
- (c) Need for Del Amo Blvd. extension to provide easy Harbor Freeway and San Diego Freeway (in Carson) access.**
- (d) Rail service to east and south of site creates warehouse opportunities but access issues.**
- (e) Western / 190th Street interchange and ramps more congested than Normandie / 190th.**

(7) SUGGESTED USES / LAYOUT:

- (a) 50 acres +/- retail along 190th to Normandie.**
- (b) 5 acres visitor commercial, restaurant, etc. at 190th and Western.**
- (c) Corporate office or high end industrial along Western (40-100 acres).**
- (d) Warehouse and industrial down Normandie and south of property (80-140 acres).**
- (e) Open space/recreational element (e.g. low acreage golf concept).**
- (f) Full service/amenity/security package (patrols, recreation facilities, food service, banking, police, daycare, business and personal services, incubator, government business and permit assistance, etc.).**
- (g) Expansion: Montrose, Capital Metals.**

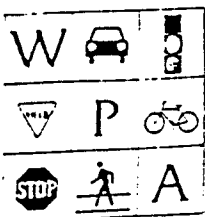
(8) PROCESS:

- (a) Confirm highest and best use assumptions (analysis of trends, values, absorption and governmental and infrastructure constraints).**
- (b) Develop project image and identity.**
- (c) Prepare wishlist of governmental assistance, including cost/benefit analysis.**
- (d) Commence governmental processing.**



PARK ALTERNATIVE

- | | |
|--|--|
| • Power Center/Entertainment
40.0 A.C.
450,000 SQ.FT. | • Park Amenity
3.2 A.C. |
| • Research & Development/
Corporate Office
81.3 A.C.
1,770,000 SQ.FT. | • Local Service/
Hotel
18.6 A.C. |
| • McDonnell Douglas Storage
60.8 A.C.
1,456,000 SQ.FT. | |
| • Industrial
53.4 A.C.
1,279,000 SQ.FT. | |



WPA Traffic Engineering, Inc.

TRAFFIC & TRANSPORTATION ENGINEERING

October 12, 1995

RECEIVED

OCT 13 1995

GASCON MAR LTD.

Mr. Allan Mackenzie
Gascon Mar, Ltd.
2050 W. 190th Street, Suite 201
Torrance, CA 90504

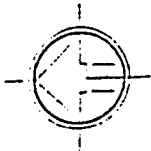
SUBJECT: HARBOR GATEWAY MASTER PLAN

Dear Mr. Mackenzie:

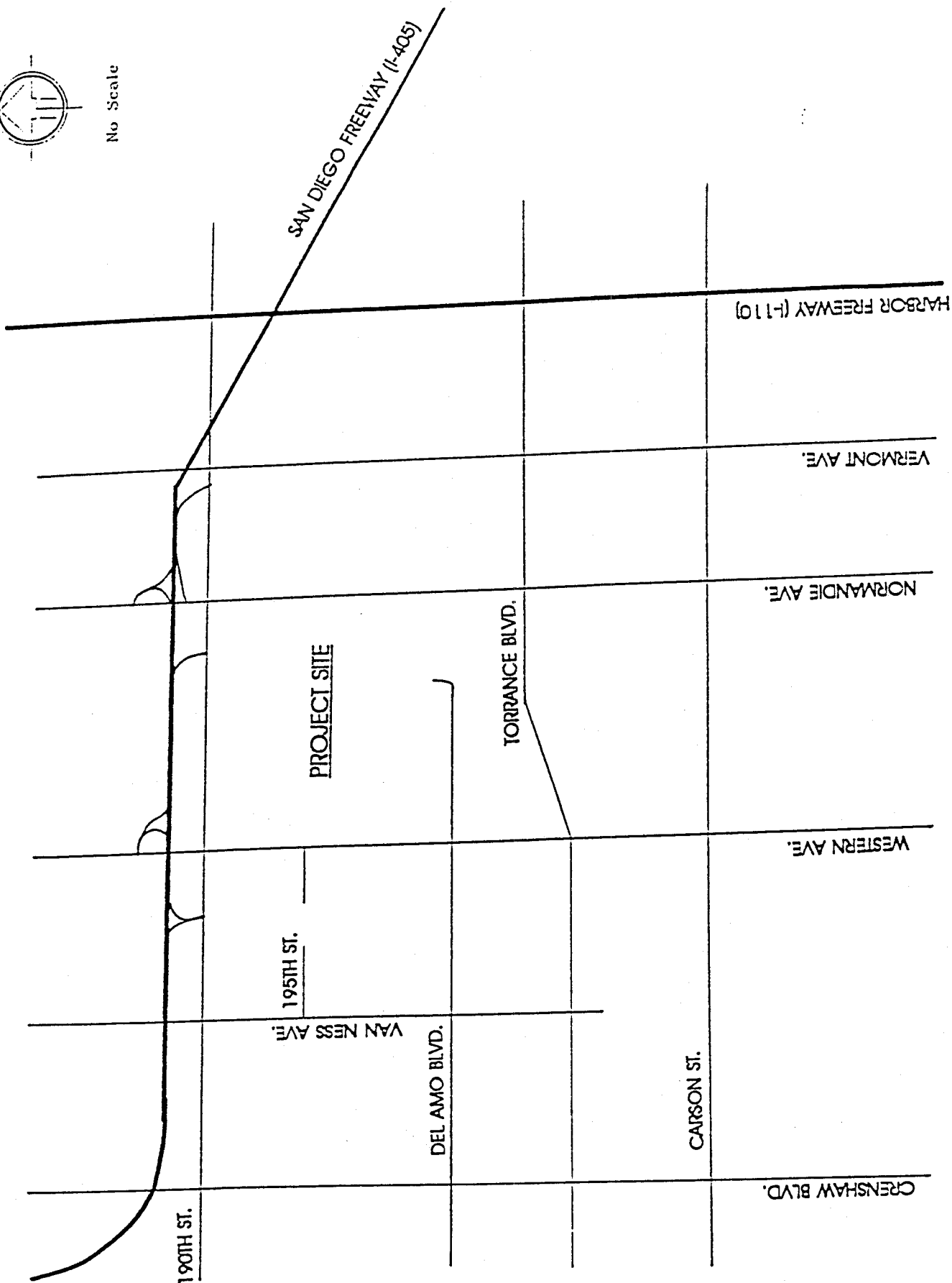
This letter report summarizes our initial review of traffic factors related to the subject project. The review was based upon information provided by you and members of the planning team and discussions with representatives of the Cities of Los Angeles and Torrance. No field data collection was undertaken, other than a familiarization with existing conditions.

PROJECT DESCRIPTION

The project is located on the south side of 190th Street between Western and Normandie Avenues in the City of Los Angeles. Figure 1 illustrates the site location. McDonnell Douglas previously utilized most of the site, along with other industrial type uses. Planned development would include various uses as listed in Table 1. Site access is available on Western Avenue, 190th Street, and Normandie Avenue. Due to the rail line on the west side of Normandie Avenue, only a single access at Francisco Street is possible. Access on the other two streets may also be limited by medians and the specific locations available for signalization. An on-site circulation system would be provided to accommodate local traffic and assist in site access.



No Scale



LOCATION MAP

TABLE 1
LAND USE SUMMARY
Harbor Gateway Master Plan

<u>LAND USE</u>	<u>QUANTITY</u>
Power Center	450,000 SF
Research & Development/ Corporate Office	1,770,000 SF
McDonnell Douglas Storage	1,456,000 SF 300 Employees
Industrial	1,279,000 SF
Hotel	300 Rooms
Restaurant	12,000 SF
Health Club	4,500 SF
Office	26,000 SF

BACKGROUND

As indicated above, the site has been utilized for many years as an industrial facility. Some industrial uses remain on the site and McDonnell Douglas would use a part of the site for storage. A plan for a power center on the southeastern corner of 190th Street and Western Avenue has been proposed by others. The Cities of Los Angeles, Torrance, and Gardena have conducted initial reviews of this proposal and identified a preliminary scope of work for a traffic impact study. A total of 36 intersections were listed as candidates for inclusion in the study. Of these, nine are Congestion Management Plan (CMP) intersections, which could drop out of the study when a detailed trip assignment is completed.

The City of Los Angeles representatives indicated that Western Avenue is planned to have a raised median which could limit access opportunities. In addition, they would like to have a vehicular connection from Western Avenue to Normandie Avenue.

TRIP GENERATION

Preliminary estimates have been made of daily and peak hour trips to be generated by the proposed land uses. These estimates were based upon the land use data in Table 1 and applicable trip generation rates. The rates utilized are listed in Table 2, along with the sources.

The estimated project trip generation is summarized in Table 3. As indicated, the project is estimated to generate 41,380 daily trip ends, with 4,150 occurring during the AM peak hour and 4,975 during the PM peak hour. These estimates include a reduction for the passby effect for the power center and the internal capture for the hotel, restaurant, and health club.

Estimates have also been made of trip generation for former uses of the site. These are based upon generalized land use and building areas. Table 4 lists the estimated trip generation for prior uses. An estimate of 15,370 daily trip ends, with 2,990 occurring during the AM peak hour and 2,875 during the PM peak hour, is shown. Comparison

TABLE 2
TRIP GENERATION RATES
Harbor Gateway Master Plan

LAND USE	DESCRIPTOR	TRIP ENDS PER DESCRIPTOR ⁽¹⁾				
		DAILY	AM PEAK HOUR		PM PEAK HOUR	
			IN	OUT	IN	OUT
Power Center ⁽²⁾	1,000 SF	40.2	0.56	0.32	1.9	1.9
Research & Development	1,000 SF	7.70	1.02	0.21	0.16	0.91
Warehouse	Employees	3.89	0.37	0.14	0.21	0.38
Industrial	1,000 SF	6.97	0.76	0.16	0.12	0.86
Hotel	Rooms	8.70	0.40	0.27	0.41	0.35
Restaurant ⁽³⁾ (High Turnover)	1,000 SF	177.87	7.55	7.26	7.24	5.68
Health Club	1,000 SF	---	0.14	0.16	2.58	1.72
Office ⁽²⁾	1,000 SF	19.6	2.31	0.19	0.38	0.43
Equation: Shopping Center	1,000 SF	Daily: $\text{Ln}(T) = 0.625 \text{Ln}(X) + 5.985$ AM Pk Hr: $\text{Ln}(T) = 0.589 \text{Ln}(X) + 2.378$ PM Pk Hr: $\text{Ln}(T) = 0.637 \text{Ln}(X) + 3.553$				
Equation: General Office	1,000 SF	Daily: $\text{Ln}(T) = 0.756 \text{Ln}(X) + 3.765$ AM Pk Hr: $\text{Ln}(T) = 0.777 \text{Ln}(X) + 1.674$ PM Pk Hr: $\text{Ln}(T) = 0.737 \text{Ln}(X) + 1.831$				

- (1) Trip Generation, 5th Edition; Institute of Transportation Engineers (ITE); January, 1991.
 (2) Rates are based upon specific square footage for the land use and utilizing the equations.
 (3) Trip Generation, 5th Edition Update; Institute of Transportation Engineers (ITE); February, 1995.

TABLE 3
TRIP GENERATION
Harbor Gateway Master Plan

<u>LAND USE</u>	<u>QUANTITY</u>	<u>TRIP ENDS</u>				
		<u>DAILY</u>	<u>AM PEAK HOUR</u>		<u>PM PEAK HOUR</u>	
			<u>IN</u>	<u>OUT</u>	<u>IN</u>	<u>OUT</u>
Power Center (Passby Reduction) Subtotal	450,000 SF	18,090 (4,880) 13,210	250 (40) 210	145 (25) 120	855 (230) 625	855 (230) 625
Research & Development	1,770,000 SF	13,630	1,805	370	285	1,610
Warehouse	300 Employees	1,170	110	40	65	115
Industrial	1,279,000 SF	8,910	970	205	155	1,100
Hotel	300 Rooms	2,610	120	80	125	105
Restaurant (High Turnover)	12,000 SF	2,130	90	85	85	70
Health Club	4,500 SF	200	NOM	NOM	10	10
Office	26,000 SF	510	60	5	10	60
(Internal Capture Reduction 20%)	For: Hotel, Restaurant & Health Club	(990)	(40)	(30)	(45)	(60)
TOTAL		41,380	3,325	875	1,315	3,660

TABLE 4
TRIP GENERATION - FORMER USES
Harbor Gateway Master Plan

<u>LAND USE</u>	<u>QUANTITY</u>	<u>TRIP ENDS</u>				
		<u>DAILY</u>	<u>AM PEAK HOUR</u>		<u>PM PEAK HOUR</u>	
			<u>IN</u>	<u>OUT</u>	<u>IN</u>	<u>OUT</u>
Manufacturing	1,900,000 SF	7,310	1,385	95	760	665
Manufacturing	1,600,000 SF	6,160	1,170	80	640	560
Office	150,000 SF	<u>1,900</u>	<u>230</u>	<u>30</u>	<u>40</u>	<u>210</u>
TOTAL		15,370	2,785	205	1,440	1,435

of these data with those for the proposed project in Table 3 indicates significant increases. The ability of the circulation system to accommodate these increased trips would be a significant part of future project analyses and approvals.

TRIP DISTRIBUTION

The City of Los Angeles provided geographic trip distribution data that had been proposed for the power center at 190th Street and Western Avenue. This distribution is summarized in Table 5. It should be noted that this distribution may be modified in conjunction with input from the City when a specific traffic study is undertaken for the project.

To provide some indication of potential project impacts, estimated project trips were assigned to 12 intersections in the environs of the site. The intersections and project trips for the AM and PM peak hours by movement are listed in Table 6. Review of Table 6 indicates that some redistribution of traffic would be desirable and that an ingress/egress on Western Avenue at 195th Street is very desirable. This information can be utilized to refine the site plan with a goal of directing traffic to the best routes. There are potential problems at the various ramp intersections that could be difficult to mitigate.

DISCUSSION

A study conducted in 1993 for the City of Torrance examined conditions at various intersections. Included were intersections on Western Avenue from the I-405 Northbound Ramps to Del Amo Boulevard and the 190th Street/I-405 Southbound Ramps intersection. With mitigation, all of these intersections were projected to operate at acceptable Levels of Service. There is no information provided as to the land use assumptions for the project site and details relative to mitigation are not included in the information that we obtained. It does appear that some widening was proposed at the Western Avenue/190th Street intersection and on 190th Street, west of Western Avenue.

TABLE 5
TRIP DISTRIBUTION
Harbor Gateway Master Plan

<u>SYSTEM</u>	<u>DIRECTION</u>			
	<u>NORTH</u>	<u>SOUTH</u>	<u>EAST</u>	<u>WEST</u>
Freeway (60%)	15	10	15	20
Surface (40%)	10	12	8	10

TABLE 6

PROJECT VOLUMES AT SELECTED INTERSECTIONS

Harbor Gateway Master Plan

AM PEAK HOUR VOLUMES: INTERSECTIONS												
MOVEMENT	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12
NL	293	0	38	60	9	0	0	0	0	0	0	0
NT	0	9	9	41	127	0	0	0	53	139	53	110
NR	193	113	0	14	32	0	0	0	96	194	86	0
SL	0	431	0	544	0	0	343	60	0	0	0	0
ST	0	14	14	238	436	0	0	0	200	965	200	445
SR	0	0	140	0	523	0	0	271	0	0	0	0
EL	0	0	732	0	211	0	0	0	0	0	0	0
ET	24	0	0	422	67	273	273	270	0	0	0	0
ER	807	0	157	194	73	0	0	0	0	0	0	0
WL	888	82	0	9	146	0	0	0	581	0	765	0
WT	6	0	0	183	176	75	75	728	0	0	0	0
WR	0	101	0	108	0	0	169	0	0	0	0	0

INTERSECTIONS:

- #1 - PROJECT ACCESS & 190TH STREET
- #2 - WESTERN & PASEO (PROJECT ACCESS)
- #3 - NORMANDIE & PASEO (PROJECT ACCESS)
- #4 - 190TH & WESTERN
- #5 - 190TH & NORMANDIE
- #6 - 190TH & CRENSHAW

- #7 - 190TH & I-405 SB OFF-ON RAMPS (NEAR WESTERN)
- #8 - 190TH & I-405 SB OFF RAMPS (NEAR NORMANDIE)
- #9 - WESTERN & I-405 NB ON-OFF RAMPS
- #10 - NORMANDIE & I-405 SB ON RAMP
- #11 - NORMANDIE & I-405 NB ON-OFF RAMPS
- #12 - WESTERN & 195TH STREET

TABLE 6 (Cont.)

PROJECT VOLUMES AT SELECTED INTERSECTIONS

Harbor Gateway Master Plan

PM PEAK HOUR VOLUMES: INTERSECTIONS												
MOVEMENT	#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12
NL	938	0	179	250	12	0	0	0	0	0	0	0
NT	0	12	12	173	605	0	0	0	215	623	215	434
NR	848	110	0	12	144	0	0	0	332	955	408	0
SL	0	83	0	205	0	0	97	14	0	0	0	0
ST	0	12	12	47	78	0	0	0	75	443	75	94
SR	0	0	668	0	366	0	0	161	0	0	0	0
EL	0	0	133	0	972	0	0	0	0	0	0	0
ET	51	0	0	182	212	121	121	1199	0	0	0	0
ER	229	0	63	36	26	0	0	0	0	0	0	0
WL	304	132	0	12	27	0	0	0	176	0	368	0
WT	31	0	0	582	98	308	308	474	0	0	0	0
WR	0	422	0	374	0	0	524	0	0	0	0	0

INTERSECTIONS:

- #1 - PROJECT ACCESS & 190TH STREET
- #2 - WESTERN & PASEO (PROJECT ACCESS)
- #3 - NORMANDIE & PASEO (PROJECT ACCESS)
- #4 - 190TH & WESTERN
- #5 - 190TH & NORMANDIE
- #6 - 190TH & CRENSHAW

- #7 - 190TH & I-405 SB OFF-ON RAMPS (NEAR WESTERN)
- #8 - 190TH & I-405 SB OFF RAMPS (NEAR NORMANDIE)
- #9 - WESTERN & I-405 NB ON-OFF RAMPS
- #10 - NORMANDIE & I-405 SB ON RAMP
- #11 - NORMANDIE & I-405 NB ON-OFF RAMPS
- #12 - WESTERN & 195TH STREET

10/23/95

11:38

WESTON PRINGLE AND ASSOCIATES

002

The proposed development could have significant traffic impacts and a detailed analysis would be required to satisfy the requirements of the various agencies. Based upon this initial review, there are several considerations with respect to the future of the project from a traffic viewpoint. These are described in the following paragraphs.

- The site plan should be refined to encourage a traffic pattern that would distribute traffic to the least impacted intersections.
- Site access should be maximized. This would include the 195th Street access on Western Avenue and a direct connection to the Del Amo Boulevard extension.
- A Transportation Demand Management (TDM) program could be considered to encourage ridesharing, transit, shift staggering, and other forms of trip reduction.
- More detailed definition of proposed land uses, such as industrial, could improve trip generation estimates.
- A reduction in development intensity could also be considered to reduce trip generation.

SUMMARY

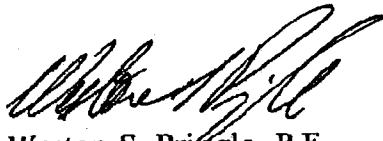
This initial review has examined traffic factors related to the proposed redevelopment of the McDonnell Douglas site on 190th Street in the City of Los Angeles. Contact was made with staffs of the Cities of Los Angeles and Torrance and available data were reviewed. Estimates were made of trips to be generated by the planned development and an initial trip assignment completed.

Potential traffic impact areas were identified. Some can be mitigated by project design. Others, such as at ramp intersections, would be more difficult to mitigate. Several considerations for continued project planning have been identified that could reduce impacts. The principal conclusion is that there are potential traffic impacts that would require some type of mitigation to obtain project approval.

* * * * *

We trust that this review will be of assistance to you and the project team. If you have any questions or require additional information, please contact us.

Respectfully submitted,
WPA TRAFFIC ENGINEERING, INC.



Weston S. Pringle, P.E.
Registered Professional Engineer
State of California Numbers C16828 & TR565

WSP:ca
#950980



DALCIN CUMMINS ASSOCIATES

**PRELIMINARY ENGINEERING COST ANALYSIS
FOR
MC DONNELL DOUGLAS PORTION
OF
HARBOR GATEWAY MASTER PLAN**

PREPARED FOR:

**GASCON MAR LTD.
2050 W. 190TH STREET, STE. 201
TORRANCE, CA 90504**

OCTOBER 13, 1995

*DALCIN CUMMINS ASSOCIATES*

October 13, 1995

Gascon Mar Ltd.
2050 W. 190th Street, Ste. 201
Torrance, CA 90504

Attn: Mr. Allan MacKenzie

Re: McDonnell Douglas Preliminary Engineering Cost Analysis

Dear Mr. MacKenzie:

The following is a summary of our findings regarding a preliminary engineering cost analysis for the McDonnell Douglas portion of the Harbor Gateway Master Plan. This analysis is based on information supplied to us by your company, conceptual drawings from PBR, interviews with various public and private agencies, and previous knowledge of the area.

Please note that many essential reports and investigations such as the soils report, preliminary title report, site topography, etc. are not available at this time. This, of course, limits the overall accuracy of the cost analysis; however, it is our understanding that is not the purpose of this report. The true intent of the investigation at this time is to discover the major development requirements and assign "ball park" costs to these improvements.

We have attempted to include as many "hidden" costs as possible but, as you know, on a project of this size, many items will have to be negotiated with various agencies during the entitlement process.

INTRODUCTION

This preliminary engineering cost study has been performed to obtain a general understanding of the project site and proposed industrial/commercial development, and to determine engineering related constraints. This study was based upon City and County records, brief discussions with various Departments of the City of Los Angeles and other Public Utility Agencies. A site plan prepared by PBR was used as a basis for determining costs associated with the proposed development infrastructure. Only that portion of the project owned by McDonnell Douglas is being considered in this report.

Gascon Mar Ltd.
October 13, 1995
Page Two

Due to the preliminary nature of this study, many factors are still unknown and could significantly impact the project development schedule and costs. These items cannot be known until the planning stage has been completed with an approved environmental impact report, traffic study and specific plan. This study addresses fundamental development items which can be anticipated with a typical development of this nature.

DRAINAGE & GRADING

The site as it exists is relatively flat with a difference in elevation of approximately five feet from the lowest point of the site at the northeast to the highest portion of the site at the southwest.

The site currently drains to the east and north through onsite drainage systems. Construction documents for the onsite facilities were not available for review at this writing.

It is assumed that all of the site drainage is directed to the northeast corner of the site and into an existing 66 inch pipe which runs under Normandie Avenue and connects to a 75 inch pipe constructed as part of Los Angeles County Flood Control District Project No. 3894. County records reveal that this drainage system is deficient and flows to this system will have to be reduced accordingly. Rough preliminary estimates indicate that the system will accept approximately 130 cfs from the study site. Flows on the order of 300 cfs can be anticipated from the developed site and, consequently, onsite storage of runoff will be required. Due to land use issues, it will probably be most effective to store this excess runoff in an underground storage facility located in a proposed parking area.

An underground storm drain system is anticipated with a main line running along the Southern Pacific Railroad (S.P.R.R.) right-of-way and then branching out to accept flows from various areas of the site (see plan attached).

A recent site topography and soils report are unavailable at this time, therefore, grading quantities cannot be accurately calculated. An assumption of two feet of grading over the existing site was used to estimate grading quantities. No information is available on soil composition underlying the site and it is assumed that no remedial measures (overexcavation and recompaction) are required. Also, it is assumed that there is no soil contamination or bioremediation required.

Gascon Mar Ltd.
October 13, 1995
Page Three

SEWER

The area is served by the Los Angeles County Sanitation District No. 5 which has a 57 inch trunk sewer along the S.P.R.R. right-of-way. According to the County, there are no deficiencies in the system.

Two sewer mains are proposed to serve the site as shown on the attached plan. Adequate depth is available for service to all lots.

WATER

The site is currently served by the Dominguez Water Company through a 20 inch main along the southerly property line.

The proposed water system is to be constructed within the newly created streets and looped to the existing mains in Western Avenue, 190th Street and Normandic Avenue as shown on the attached plan. At this time, it is not known whether Dominguez Water Company or the City of Los Angeles Department of Water and Power will serve the site, although it appears to be in Dominguez Water Company's district.

The main lines used for the interconnecting system are 12" diameter ductile iron pipe. Fire hydrants are spaced at approximately 300 feet on all streets.

ELECTRICAL, TELEPHONE & GAS

Electrical service is available to the site from the existing substation located at the southerly end of the property. The service company is Los Angeles City Department of Water and Power. Lots will be served through an underground system in the streets. The Developer is responsible for trenching, conduits and vaults for their system.

Telephone service is available from several locations on the surrounding streets. The service company is Pacific Bell. Lots will be served through an underground system in the streets. The Developer is responsible for trenching conduits and vaults for their system.

Gas service is available from Southern California Gas Company. They will be responsible for design and installation of their supply system in the streets.

Gascon Mar Ltd.
October 13, 1995
Page Four

STREET IMPROVEMENTS

The street pattern as shown is taken directly from the preliminary site study conducted by PBR. The main collector streets will require an 80 foot right-of-way with the cul-de-sacs requiring a 60 foot right-of-way.

The pavement and base sections for public streets in this area are substantially more than average, which indicates poor soil conditions. A very heavy section of 4" A.C. pavement on 22" crushed aggregate base was used for interior streets.

Street lights are placed at 60 foot intervals on staggered sides of the street. Street trees are placed at 40 foot intervals for both sides of all streets.

Concrete curb and gutter with five foot wide sidewalks is used throughout the development. Driveway cuts were not included for this report.

Del Amo Boulevard street improvements are not included with this report and are being done as a separate item.

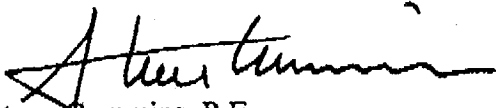
As a result of the initial traffic study conducted by WPA Traffic Engineering, Inc., certain offsite improvements are anticipated and are listed in the cost estimate table.

Please see the attached sheets outlining the major development requirements and preliminary cost estimate.

If you have any questions or require further information, please contact the undersigned.

Sincerely,

DALCIN CUMMINS ASSOCIATES


Steve Cummins, P.E.
Executive Vice President

SC/dh
JN: 86000
Attachments

PRELIMINARY COST ESTIMATE

	<u>TASK</u>	<u>UNIT COST</u>	<u>TOTAL COST</u>
1.	Engineering		
	A. Rough estimate of 15% of total construction cost (Los Angeles City)	1,400,000.00	
	Subtotal Engineering		1,400,000.00
2.	Grading	2,000,000.00	
	Earthwork - 500,000 C.Y. @ \$4.00/C.Y.		
	Subtotal Grading		2,000,000.00
3.	Sewer		
	A. L.A. County Connection Charges	250,000.00	
	B. Sewer Pipe - 6,000 L.F. @ \$40/L.F.	240,000.00	
	C. Manholes - 24 @ \$3,000/Each	72,000.00	
	Subtotal Sewer		562,000.00
4.	Water		
	A. Water Main - 12,000 L.F. @ \$100/L.F.	1,200,000.00	
	B. Hydrants - 30 @ \$3,000/Each	90,000.00	
	C. Connections to Mains - 4 @ \$5,000/Each	20,000.00	
	D. Utility Tax (32%)	419,000.00	
	Subtotal Water		1,729,000.00
5.	Storm Drain		
	A. Storm Drain Line - 6,200 L.F. @ \$100/L.F.	620,000.00	
	B. Manholes - 20 @ \$3,000/Each	60,000.00	
	C. Catch Basins - 15 @ \$3,000/Each	45,000.00	
	D. Storm Water Detention Facility	300,000.00	
	Subtotal Storm Drain		1,025,000.00

6.	Street Improvements		
A.	80' Right-of-Way Streets - 6,080 L.F. @ \$280/L.F.	1,702,000.00	
B.	60' Right-of-Way Streets - 1,300 L.F. @ \$210/L.F.	273,000.00	
C.	Improvements along Normandie - 3,100 L.F. @ \$100/L.F.	310,000.00	
D.	Potential Signalized Intersections (see map)	520,000.00	
E.	Potential Intersection Improvements (see map)	400,000.00	
F.	Potential Railroad Crossing (see map)	100,000.00	
	Subtotal Street Improvements		3,305,000.00
7.	Utilities		
A.	Electrical Telephone, Cable TV - Service Lines	500,000.00	
B.	Utility Tax (32%)	160,000.00	
	Subtotal Utilities		660,000.00
8.	Perimeter Wall (6') 7,900 L.F. @ \$25/L.F.	197,500.00	
	Subtotal Utilities		197,500.00
9.	Miscellaneous Offsites 10% of Construction Cost	928,000.00	
	Subtotal Miscellaneous Offsites		928,000.00
10.	Fees, Permits, Soils Engineer Inspection, Blueprinting, Etc. - 10% of Construction Cost	928,000.00	
	Subtotal		928,000.00

10/13/95-JK/SC

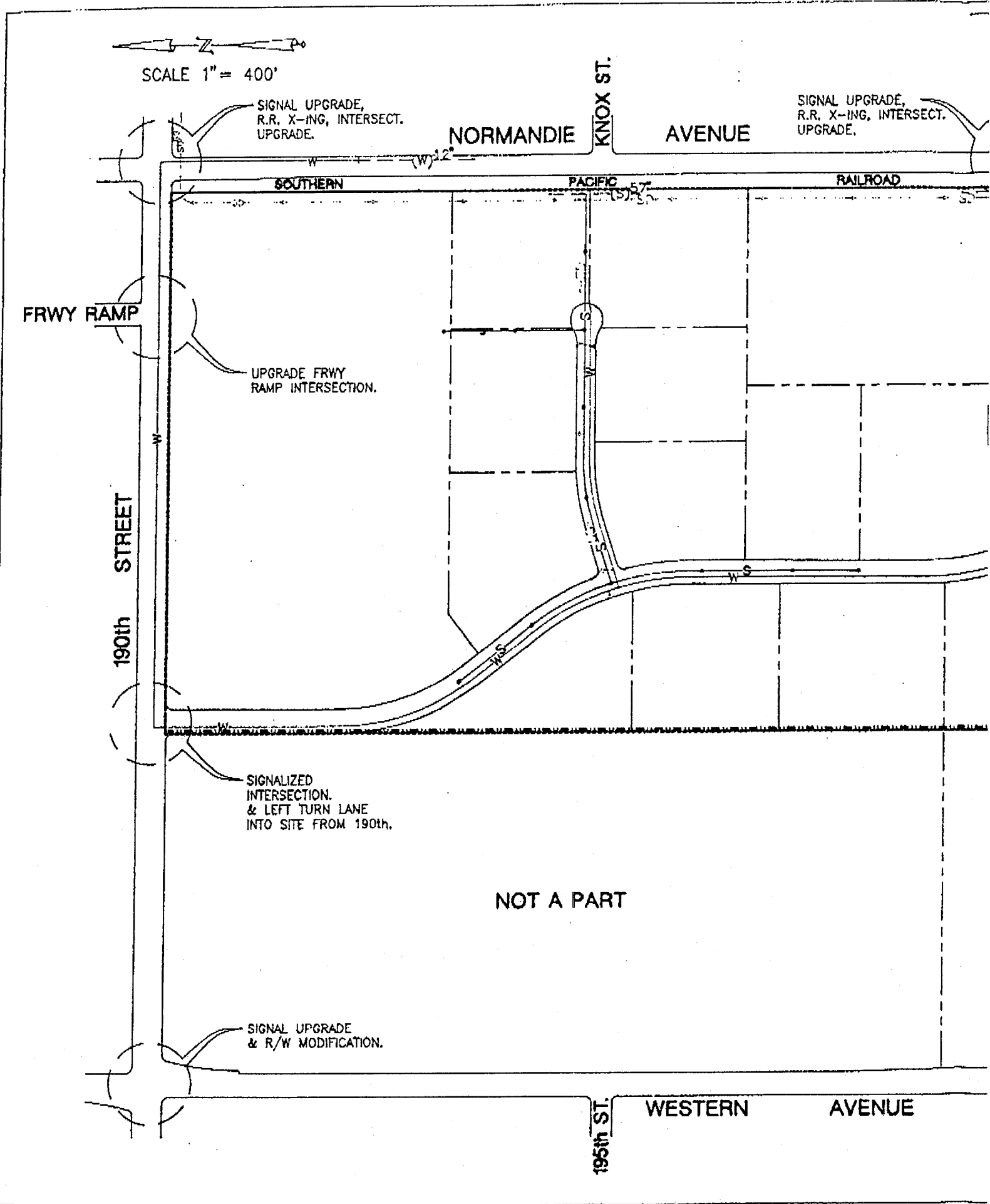
PRELIMINARY COST ESTIMATE SUMMARY

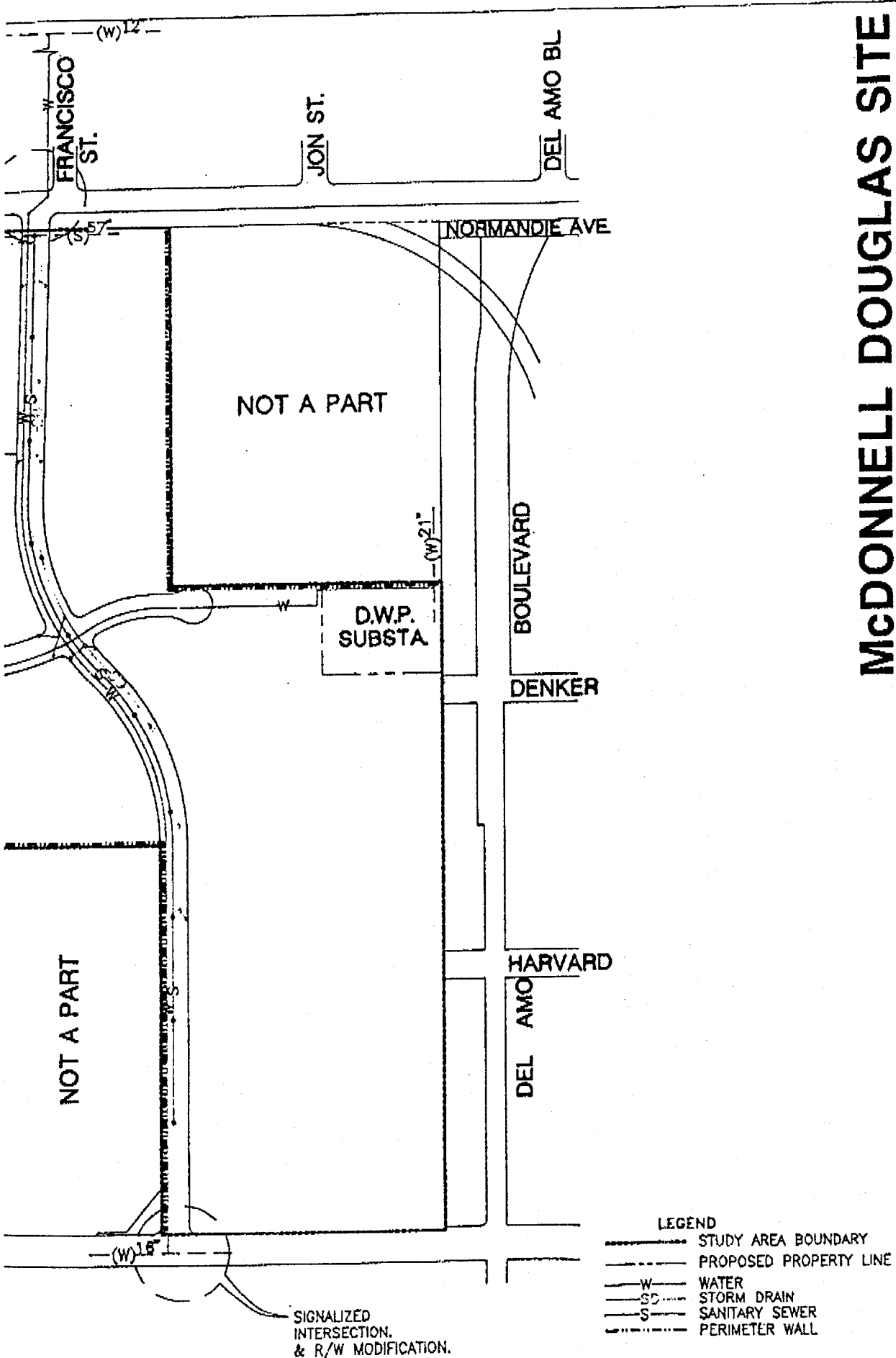
<i>DESCRIPTION</i>	<i>AMOUNT</i>
1. Engineering	1,400,000.00
2. Grading*	2,000,000.00
3. Sewer	562,000.00
4. Water	1,729,000.00
5. Storm Drain	1,025,000.00
6. Street Improvements	3,305,000.00
7. Utilities	660,000.00
8. Perimeter Wall	198,000.00
9. Miscellaneous Offsites (10%)	928,000.00
10. Fees, Permits, Etc. (10%)	928,000.00
+20% Contingency (\$12,735,000)	2,547,000.00
TOTAL	15,282,000.00

*Grading costs assume that no remedial measures are required.

10/13/95-JK/SC

ATTACHMENTS





McDONNELL DOUGLAS SITE

HARBOR GATEWAY ENGINEERING STUDY

10/13/95

Dalcin Cummins
Associates



PRELIMINARY DISCUSSION DRAFT

*OUTLINE OF POTENTIAL STRATEGIES
RE PUBLIC FINANCING/REDUCTION OF INFRASTRUCTURE COSTS
FOR McDONNELL-DOUGLAS PROJECT*

1. Goal: Provide incentives for redevelopment of the existing, largely vacant McDonnell Douglas property to create a new facility which will provide economic return to the City of Los Angeles together with some employment and revitalization of the site.
 - A. Ensure ability to complete project with minimal levels of uncertainty through expedited processing, etc., at no additional cost.
 1. Waive fees for major project expediting.
 2. Provide development agreement at no additional cost.
 - B. Ensure affordable mitigation costs.
 1. Obtain full credit for replacement uses (current DOT policy limits credit to buildings recently occupied).
 2. Keep mitigation requirements for new development to a reasonable level.
 3. Consider sharing mitigation costs with neighboring properties (if desirable).
 - C. Obtain infrastructure support from City.
 1. City infrastructure grants through EDA for improvements on publicly dedicated property (possible source of \$1 to \$2 million depending on various factors, including political support).
 2. Have City Public Works and other agencies, who may already have programmed public improvements for area, prioritize and complete that work rather than shifting it to project.
 3. Waive or reduce fees for infrastructure permitting, such as sewer connection and similar charges.
 4. Obtain City agreement that fees paid into General Fund will be expended upon project-related City tasks or infrastructure.
 5. Provide creative "credits" against such fees as the 1% for art, allowing flexibility.
 - D. Other City fees and financial assistance.
 1. Freeze/reduce utility taxes, for example, ensuring that the taxes remain at the current dollar amount charged for the property for a ten year period.
 2. Freeze/reduce trash collection fees.

3. Identify other City charges at site which could be reduced or eliminated.
 - a. Exemption from gross receipts tax.
 4. Consider sales tax subvention for retail [further legal research required on this issue].
 5. If hotel included (assume not), consider subvention of transient occupancy tax.
- E. [If site served by DWP.] Negotiate power rate reductions with DWP/water supply agreements.
- II. Harbor Program Area benefits (similar to an enterprise zone); created by State of California.
- A. Qualification Requirements and Program Benefits.
1. Businesses must qualify for Program Area benefits. A qualified business is one certified by the California Trade and Commerce Agency as a business that (1) employs at least 50% of its program area employees who are residents of high density unemployment areas, (2) employs at least 30% of its program area employees who are residents of high density unemployment areas and contributes to an approved community service program, or (3) has at least 30% of its owners who are residents of high density unemployment areas.
 2. Program benefits include: (a) sales and use tax credit; (b) hiring credit; (c) business expense deduction; (d) net interest deduction for lenders; (e) net operating loss carryover.
- III. Community Development Bank - The Gascon-Mar site is not in any of the areas eligible for funding through the Los Angeles Community Development Bank.
- IV. Public Financing Alternatives^{1/}
- A. Mello-Roos Financing: This technique involves creating a new community facilities district, authorizing a special tax levy, and bonding against the stream of special taxes to obtain capital for publicly dedicated infrastructure improvements. Note that the Mello-Roos special tax could be a "back-up" tax, levied only if other revenue streams (such as parking revenue or tax increment from a redevelopment agency) are insufficient for debt service. Mello-Roos special taxes can also be used for operation and maintenance in some circumstances. A 2/3 vote is required. If less than 12 registered voters live in the district, the vote is by land-owners, based on acreage. Only a general benefit, as compared with a special benefit required for assessments

1. One key goal of public financing is to obtain lower costs of capital by benefitting from federal and state tax exemption. Federal tax exemption involves a detailed analysis of the use of the property financed, the sources of repayment, and the nature of the contract with any "operator" or "manager" of a public facility (such as a parking garage). The existing rules in this area may change if the Proposed IRS Private Activity Bond Regulations become final. Tax requirements and consequences must be considered in the initial structuring decisions.

(see below) is required. Certain on-going services required as a result of the development (i.e., additional police) may be financed (but not bonded) through Mello-Roos special taxes.

- B. **Assessment Act Financing:** There are a variety of California assessment acts which involve the creation of an assessment district, the levy of an additional assessment on property in the district, and the issuance of bonds for capital costs of public infrastructure. Assessments must be levied on the basis of a special benefit, and are not as flexible as Mello-Roos formulations. No vote is required. However if a majority of the acreage affected protests, override requires $\frac{2}{3}$ vote. However, prepayment is easier under Assessment Act financing.
- C. **Industrial Development Bonds:** Under an Industrial Development Bond (IDB) program, the City could issue bonds and loan the proceeds to a private party to construct a particular "manufacturing" facility. Payments made on the loan are then "passed through" to the bond holders. A similar result can be accomplished with certificates of participation and "lease" or "installment sale" as opposed to loan payments. Only "small issue" industrial development bonds (under \$10 million) can qualify for federal tax exemption. Capital expenditure tests (three years both before and after project) also apply against \$10 million limitation. Taxable IDBs may also be used although cost of issuance may offset benefits.
- D. **Redevelopment Bonds:** Tax-exempt bonds may be issued by the City's Redevelopment Agency (RDA) for project areas created by the RDA pursuant to the Health & Safety Code. The tax increment generated by the project area (after mandatory set-asides and pass-throughs generally totalling approximately 45% of the increment) may be used by the RDA for both private and public projects.
- E. **Bridge and Thoroughfare Districts:** If significant upgrades are required for roads or bridges this district form provides a mechanism for spreading costs (similar to assessment) and reimbursing a property owner/developer that advances such costs.
- F. **Parking Programs:** This option includes a wide variety of existing laws which rely on revenues from the parking facility itself (parking lot charges, meter fees etc.) and/or assessments on the businesses benefitted by the parking provided to finance parking improvements. Existing mechanisms in this category include, among others, the Parking District Law of 1951, which involves the formation of a parking district by petition of the property owners in the district to finance parking facilities from revenues, meters and assessments; the Vehicle Parking District Law of 1943, which enables the acquisition and construction of parking facilities through formation of an assessment district; and the Parking and Business Improvement Area Law of 1965, which involves taxing business in the parking and business area. In addition, a charter city (such as Los Angeles) can create its own tailor-made parking authority program, and can earmark revenues, such as a citywide tax on parking, for particular improvements.
- G. **Certificates of Participation:** If the City has the political will, some portion of the additional property tax, sales tax, transient occupancy tax and similar revenues generated by the proposed project that would ordinarily accrue to City's general fund

could be harnessed to make lease payments on certificates of participation. The proceeds of the certificates could be used to build a public facility such as a parking garage. The source of the lease payments is an annual appropriation from the City's general fund, typically sized in relationship to the new revenues expected to be created. Certificates of participation can also be serviced by revenues that accrue to a special fund, such as parking revenues or Mello-Roos special taxes (see above).

- H. **Infrastructure Financing Districts:** An infrastructure financing district is a mechanism for capturing property tax increment above a base year. The increment can be used to finance "public capital facilities of community wide significance," and can be used to pay debt service on Mello-Roos, assessment act or tax increment bonds. In order to use this mechanism, other affected taxing entities, such as the county and the school district must be notified, and concerns have been expressed about the constitutionality of this technique. In fact, despite its passage approximately five years ago, there have been no IFD financings in California.

MCDONNELL DOUGLAS SITE DEVELOPMENT
CASH FLOW

	1996	1997	1998	1999	2000	2001	2002	2003	TOTAL
<u>COSTS</u>									
Land Acquisition/Relocation	\$20,980,674								\$20,980,674
Land Use Entitlements	750,000	537,925							\$1,287,925
Demolition		1,000,000	1,000,000						\$2,000,000
Asbestos		2,000,000	2,000,000						\$4,000,000
Remediation	3,000,000	5,000,000	5,000,000	2,000,000	1,000,000	1,000,000	1,000,000		\$18,000,000
Subdivision Improvements		7,000,000	5,000,000	3,282,000					\$15,282,000
General & Administrative		400,000	400,000						\$800,000
Interest		1,352,761	661,273	488,617	315,961	202,008	115,680	29,352	\$3,165,650
Taxes	300,000	300,000							\$600,000
Total Cost	\$25,030,674	\$17,590,686	\$14,061,273	\$5,770,617	\$1,315,961	\$1,202,008	\$1,115,680	\$29,352	\$66,116,249
<u>SALES</u>									
Retail		\$20,908,800							\$20,908,800
MD Storage		13,100,670							\$13,100,670
Industrial			6,534,000	6,860,700	7,203,735	7,563,922	7,942,118	1,559,535	\$37,664,010
R&D/Office			7,840,800	8,232,840	1,658,765				\$17,732,405
Total Sales		\$34,009,470	\$14,374,800	\$15,093,540	\$8,862,500	\$7,563,922	\$7,942,118	\$1,559,535	\$89,405,885
Less Sales Costs		\$2,040,568	\$862,488	\$905,612	\$531,750	\$453,835	\$476,527	\$93,572	\$5,364,353
Net Sales Proceeds		\$31,968,902	\$13,512,312	\$14,187,928	\$8,330,750	\$7,110,086	\$7,465,591	\$1,465,963	\$84,041,531
Total Cost Less Sales Proceeds	\$25,030,674	(\$14,378,216)	\$548,961	(\$8,417,311)	(\$7,014,789)	(\$5,908,079)	(\$6,349,911)	(\$1,436,611)	(\$17,925,283)
<u>FINANCING</u>									
Equity	\$10,000,000	(\$6,695,019)	\$2,467,362	(\$6,498,910)	(\$5,748,644)	(\$4,948,878)	(\$5,390,711)	(\$1,110,483)	(\$17,925,283)
Loan	15,030,674	(7,683,197)	(1,918,401)	(1,918,401)	(1,266,145)	(959,201)	(959,201)	(326,128)	(0)
Total	\$25,030,674	(\$14,378,216)	\$548,961	(\$8,417,311)	(\$7,014,789)	(\$5,908,079)	(\$6,349,911)	(\$1,436,611)	(\$17,925,283)
<u>CUMULATIVE FINANCING</u>									
Equity	\$10,000,000	\$3,304,981	\$5,772,343	(\$726,566)	(\$6,475,211)	(\$11,424,089)	(\$16,814,799)	(\$17,925,283)	
Loan	15,030,674	7,347,477	5,429,076	3,510,674	2,244,529	1,285,329	326,128		
Total	\$25,030,674	\$10,652,458	\$11,201,419	\$2,784,108	(\$4,230,681)	(\$10,138,760)	(\$16,488,671)	(\$17,925,283)	
Return to Equity Investor (MD):		36%							

MCDONNELL DOUGLAS SITE DEVELOPMENT
ASSUMPTIONS

10/24/95

LAND ACQUISITION/RELOC.

Total

Total Site:	169.0 Acres @ \$2.85 Per Sq. Ft. (1996)	\$20,980,674 \$20,980,674
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DEVELOPMENT COSTS

Land Use Entitlements (1996 - 1997):	\$1,287,925	See detail
Demolition (1997 - 1998):	\$2,000,000	Aman Bros. 10/10/95
Asbestos (1997 - 1998):	\$4,000,000	Sverdrup 3/6/90
Remediation (1996+):	\$18,000,000	est.
Subdivision Improvements (1997 - 1998):	\$15,282,000	DCA 10/13/95 + \$1M
General & Administrative (1997 - 1998):	\$800,000	misc. overhead
Taxes (1996+):	\$600,000	
	<u>\$41,969,925</u>	

SALES

Retail:	40.0 Acres @ \$12.00 Per Sq. Ft. (1997)	\$20,908,800
MD Storage:	40.1 Acres @ \$7.50 Per Sq. Ft. (1997)	\$13,100,670
Industrial:	53.4 Acres @ \$10.00 Per Sq. Ft.	\$37,664,010
	(15 acres/yr., 1998-2003, inflated 5% /yr.)	
R&D/Office:	23.2 Acres @ \$12.00 Per Sq. Ft.	\$17,732,405 \$89,405,885
	(15 acres/yr., 1998-2000, inflated 5% /yr.)	

Less Sales Costs:	6% of all revenues.	<u>\$5,364,353 \$5,364,353</u>
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FINANCING

Equity:		\$10,000,000
Loan:	72%	
Loan Interest:	9%	

McDONNELL DOUGLAS SITE DEVELOPMENT: ENTITLEMENT COSTS

10/24/95

CITY PROCESSING FEES

INITIAL STUDY (ENV. ASSESSMENT FORM)	578	
TENTATIVE MAP APPLICATION		
Base:	3,375	
Surcharge:	48,503	
Admin.:	6,225	
EIR: (excludes actual costs)	7,322	
EIR: estimated expediting costs:	50,000	
LA DEPT. OF TRANSPORTATION:	2,268	
MISC:	10,000	128,271

CONSULTANT FEES

LAND PLANNER:	75,000	
CIVIL ENGINEER:	110,000	
SOILS ENGINEER:	20,000	
EIR CONSULTANT:	250,000	
TRAFFIC:	100,000	
LEGAL:	150,000	
ECONOMIC ANALYSIS:	25,000	
MISCELLANEOUS:	20,000	
DEVELOPMENT COORDINATION:	250,000	1,000,000

TOTAL: 1,128,271

CONTINGENCY: 159,654

TOTAL ENTITLEMENT COSTS: 1,287,925

PROPOSED WAREHOUSE DEVELOPMENT

10/24/95

<u>ITEM</u>	<u>AMOUNT</u>	<u>TOTAL</u>
Land	40 acres @ \$7.50	\$13,100,670
Shell Construction	960,716 sq.ft.@ \$16.75	\$16,091,990
Office	4% @ \$30.00	\$1,152,859
Fees	10% of cost	\$1,724,485
Permits	960,716 @ \$2.00	\$1,921,432
Taxes		\$315,235
Leasing		\$0
Insurance		\$51,735
Financing		\$948,297
Miscellaneous		\$1,921,432
Total		\$37,228,134
Interest		\$1,861,407
TOTAL		\$39,089,540

REQUIRED RENT FOR
11.5% RETURN:

\$0.41

YEARS FREE RENT
TO OFFSET LAND:

4.43



Los Angeles
San Francisco
San Diego
Chicago
Washington, D.C.
London

**FINAL REPORT
FISCAL BENEFITS ANALYSIS
OF THE HARBOR GATEWAY PROJECT**

**PREPARED FOR
GASCON MAR, LTD.**

**PREPARED BY
ECONOMICS RESEARCH ASSOCIATES**

**OCTOBER 1995
ERA PROJECT NO. 11672**

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Section I

INTRODUCTION

Gascon Mar, Ltd. (GML) has proposed to develop a 2.7 million-square-foot mixed-use project including power center retail, restaurants, cinema, and office and industrial space. The project is located in the City of Los Angeles, at the site of a former McDonnell Douglas facility in the South Bay area. The new project has been given the name Harbor Gateway. The net developable land area is estimated to be 257.3 acres. The property will be privately redeveloped. Economics Research Associates (ERA) has been asked to prepare a fiscal benefit analysis of the project, based on the initial development plan program outlined and the build-out schedule provided by the developer. It is understood that this benefits analysis may subsequently be presented to the City of Los Angeles for review. Specifically, ERA has been requested to analyze and report on the following:

- Determine the sales tax accruing to the City from retail and other taxable sales which should be captured by the proposed Harbor Gateway development.
- Identify other fiscal benefits which may accrue to the City subsequent to the completion of the proposed development. These fiscal benefits would specifically include business license taxes and utility users taxes.
- Identify and verify the likely additions of assessed valuation from hard construction of the entertainment, restaurant, retail floor space additions, and office and industrial structures. Subsequently quantify the probable property tax increment accruing to the City from the increases in property valuation. It should be noted that approximately \$38+ million in assessed valuation of improvements currently on the project site will be demolished.
- Quantify the broader impacts associated with the potential development, thus giving a picture of the overall benefits that will accrue to the region generally, and the City of Los Angeles in particular, from such development.

This study was conducted under the supervision of David A. Wilcox, Senior Vice President in ERA's Los Angeles office. Lee V. Fairman, Senior Associate, was responsible for research, technical analysis and report writing. Mr. Jonathan S. Port, Associate, prepared the economic model.

Section II

SUMMARY AND CONCLUSIONS

The central objective of this study was to determine the total fiscal benefits that would accrue to the City of Los Angeles from the development of the proposed Harbor Gateway project. Thus, the focus of the benefits analysis was on determining the added direct municipal revenues generated by the project. Such benefits include the following:

- Sales tax from a variety of sources (e.g., increased retail, and food and beverage, etc.).
- Property taxes accruing to the City based on a percentage of the assessed value of the project.
- Business license taxes based on the gross receipts of the business in the development.
- Utility users taxes, which are a percentage of the charges incurred by businesses for telephone, electric, and natural gas usage.

The sum of the annual revenues at buildout from the categories listed above is a substantial figure—\$2,794,840. When this annual revenue stream figure is summed over a 10-year period of time, its discounted present value is almost \$20 million. ERA believes this to be a very conservative estimate of value, in that the project will most likely be worth more in later years; thus both property and sales taxes will increase. The quantification of the categories alluded to above is shown in tabular form below, all in uninflated 1995 dollar values:

<u>Annual Sales Tax</u>	<u>Business License Tax</u>	<u>Utility Users Tax</u>	<u>Property Tax</u>	<u>Total</u>
\$1,253,899	\$437,904	\$529,864	\$573,173	\$2,794,840

**Present Value of Selected Annual Tax Revenue
Stream Received Over a 10-Year Period: \$219,979,074**

The quantification of the broader economic factors associated with the potential development (see Section IV) gives a picture of the significant overall benefits that accrue to a region generally from such development. For instance, the direct long-term employment and new wages impacts for the proposed development would be 3,710 jobs and \$93.5 million, respectively.

The economic development impacts go beyond the fiscal impacts of the City's municipal budget; they encompass the impact from changes in employment and wages brought about by the described development. The summary effect of the economic analysis is to add weight to the evidence contained in the fiscal analysis that the proposed additional development will have a substantial overall positive development impact on the City.

Section III

IDENTIFICATION AND QUANTIFICATION OF FISCAL BENEFITS WHICH MAY ACCRUE TO THE CITY

The assumptions used in estimating the fiscal benefits can be summarized as follows.

DEFINITIONS AND ASSUMPTIONS

The preliminary program, which may be modified based on further planning and negotiations with specific tenants, can be described as follows:

- A new 70,000-square-foot multi-screen cinema complex is the centerpiece of the proposed development.
- The preliminary program also calls for a combination of restaurants/cafes totaling 15,000 square feet.
- The third element in the preliminary development program is retail space. Currently envisioned is a total of 365,000 square feet of retail space primarily composed of power center "category-killer" types of stores; e.g., Home Depot, Staples, etc. Additionally, a medium scale, state-of-the-art food market is envisioned. The power center retail stores and the food market have been allocated 325,000 square feet and 40,000 square feet, respectively.
- There will also be 505,000 square feet of a mix of office and R&D space in the project as planned.
- Another use planned for is industrial related, i.e. manufacturing space. Approximately 814,000 square feet of space has been preliminary allocated to manufacturing and/or R&D space.
- The final element in the project is the McDonnell Douglas storage facility, which will be almost one million square feet of warehouse space.

The focus of a fiscal benefits analysis is the determination of the added direct municipal revenues generated by a project; i.e., those incremental revenues that will accrue to the City's General Fund. The project as described above is measured at full build-out and operation. On the basis of information supplied to ERA by the developer, the following assumptions were used in the analysis:

- **Sales Tax.** The City receives sales tax in the amount of 1 percent of the taxable sales transactions generated at points of sale within the new development.
- **Property Tax.** The City is likely to receive 26 percent of the property tax increment, which is calculated to be 1 percent of the construction improvement value of any new development.
- **Business License Taxes.** These taxes are essentially calculated as a percentage of estimated annual gross receipts generated by the various elements of the development. Note that in FY 1996, the City of Los Angeles has reduced the tax on wholesale and manufacturing firms by 25 percent, while at the same time retaining the 3.75 percent surcharge on all rates.
- **Utility Users Tax.** The fee is calculated, as stated above, at a 10 percent tax on the total amount of charges for telephone and gas usage, and 12.5 percent on electrical service.

REVENUE IMPACTS

Each of the four categories of tax revenue sales, business license, utility users, and property tax are analyzed separately (see Tables III-1 through III-4) and the results are summarized in Table III-5. The present value to the City of the total annual municipal revenue flow from the Harbor Gateway development is also shown in Table III-5.

Sales Tax

As might be expected, the largest revenue source to the City from the Harbor Gateway development is from the sales tax category. Assuming that stable-year taxable sales

TABLE III-1
HARBOR GATEWAY MASTER PLAN¹
ESTIMATED ANNUAL SALES TAX REVENUE

<u>ELEMENT</u>	<u>SIZE (ft²)</u>	<u>REVENUE PER FT2</u>	<u>TOTAL REVENUES</u>	<u>ESTIMATED TAXABLE SALES</u>	<u>ANNUAL SALES TAX</u>
Entertainment					
Cinema	70,000	\$97	\$6,790,000	\$1,697,500	\$16,975
Food and Beverage					
Restaurants	15,000	\$300	\$4,500,000	\$4,500,000	\$45,000
Retail					
Major Retail Stores	325,000	\$300	\$97,500,000	\$97,500,000	\$975,000
Grocery Store	40,000	\$338	\$13,520,000	\$4,056,000	\$40,560
R & D / Office					
Office Space ²	505,000	\$15	\$7,575,000	\$7,575,000	\$75,750
Industrial / R & D					
Manufacturing ²	814,136	\$10	\$8,141,360	\$8,141,360	\$81,414
M.D. Storage					
Warehousing	960,000	\$2	\$1,920,000	\$1,920,000	\$19,200
Total	2,729,136		\$139,946,360	\$125,389,860	\$1,253,899

¹Based on preliminary program, which is subject to modification.

²Office, R&D, and manufacturing estimates are based on limited point of sales and leasing activities averaged across these very large floor areas.

**TABLE III-2
HARBOR GATEWAY MASTER PLAN
BUSINESS LICENSE TAXES**

<u>ELEMENT</u>	<u>SIZE (ft²)</u>	<u>REVENUE PER FT2</u>	<u>TOTAL REVENUES</u>	<u>BUSINESS LICENSE TAX¹</u>
Entertainment				
Cinema	70,000	\$97	\$6,790,000	\$8,313
Food and Beverage				
Restaurants	15,000	\$300	\$4,500,000	\$5,509
Retail				
Major Retail Stores	325,000	\$300	\$97,500,000	\$119,364
Grocery Store	40,000	\$338	\$13,520,000	\$16,552
R & D / Office				
Office Space	505,000	\$53	\$26,765,000	\$164,113
Industrial / R & D				
Manufacturing	814,136	\$87	\$70,829,832	\$60,846
M.D. Storage				
Warehousing	<u>960,000</u>	<u>\$27</u>	<u>\$25,920,000</u>	\$22,267
Sub-total	2,729,136		\$245,824,832	\$396,964
Plus:				
Rental of Comm. Prop. Tax ²	2,729,136		\$27,659,779	<u>\$40,940</u>
Total				\$437,904

¹ Gross receipts formula using base rates, percentages and surtax rates provided by City of L.A.
The City of L.A. reduced business license taxes in 1995 for warehouse and mfg. firms by 25%

² Based on rental rates provided by the developer

**TABLE III-3
HARBOR GATEWAY MASTER PLAN
UTILITY USER TAXES**

<u>ELEMENT</u>	<u>SIZE (ft²)</u>	<u>UTILITY USER TAX</u>
Entertainment		
Cinema ¹	70,000	\$18,690
Food and Beverage		
Restaurants ¹	15,000	\$4,005
Retail		
Major Retail Stores ¹	325,000	\$86,775
Grocery Store ¹	40,000	\$10,680
R & D / Office		
Office Space ²	505,000	\$232,300
Industrial / R & D		
Manufacturing ³	814,136	\$81,414
M.D. Storage		
Warehousing ³	<u>960,000</u>	<u>\$96,000</u>
Total	2,729,136	\$529,864

¹ Based on estimated .27/SF annual composite utility users tax
² Based on estimated .46/SF annual composite utility users tax
³ Based on estimated .10/SF annual composite utility users tax

Source: Economics Research Associates

**TABLE III-4
HARBOR GATEWAY MASTER PLAN
PROPERTY TAX ESTIMATE**

<u>ELEMENT</u>	<u>SIZE (ft²)</u>	<u>PROJECTED¹ ASSESSED VALUE</u>	<u>PROPERTY² TAX RATE</u>	<u>ANNUAL³ TAX INCREMENT</u>
Entertainment				
Cinema	70,000	\$12,600,000	1%	\$126,000
Food and Beverage				
Restaurants	15,000	\$1,800,000	1%	\$18,000
Retail				
Major Retail Stores	325,000	\$39,000,000	1%	\$390,000
Grocery Store	40,000	\$4,800,000	1%	\$48,000
R & D / Office				
Office Space	505,000	\$80,800,000	1%	\$808,000
Industrial / R & D				
Manufacturing	814,136	\$81,413,600	1%	\$814,136
M.D. Storage				
Warehousing	960,000	\$38,400,000	1%	\$384,000
Sub-total	2,729,136	\$258,813,600		\$2,588,136
City of Los Angeles portion (appx. 26%) of total tax increment figure =				\$672,915
Less: City's portion of prop. tax from \$38 million of improvements to be demolished				<u>(\$99,742)</u>
City of Los Angeles Net Annual Prop. Tax Increment Received from Project =				\$573,173

¹ Based on \$/SF cost figures provided by developer, and ERA estimates (See Appendices)
² The percentage applied to const. improvement assessed value to determine the increase in prop. tax
³ Represents the property tax increment accruing annually
⁴ Improvements currently on property to be demolished

**TABLE III-5
HARBOR GATEWAY MASTER PLAN
SUMMARY OF ANNUAL MUNICIPAL REVENUES**

<u>Annual</u>	<u>Business</u>	<u>Utility Users</u>	<u>Property</u>	<u>Total Tax</u>
<u>Sales Tax</u> ¹	<u>License</u>	<u>Taxes</u> ³	<u>Taxes</u> ⁴	<u>Revenue</u>
\$1,253,899	\$437,904	\$529,864	\$573,173	\$2,794,840

Present Value⁵ of Total Tax Revenue Received Over 10 years = **\$19,979,074**

¹ Based on 1% of estimated taxable sales

² Based on projected gross receipts formulas

³ Calculated as 10% of total amount of charges

⁴ Based on projected construction improvement value

⁵ Assumed 7% rate of return, and revenue received by City quarterly

revenues are approximately \$125.4 million annually, the sales tax accruing to the City is estimated to be approximately \$1.25 million per year.

It is assumed that 100 percent of the sales generated from both the food and beverage, and the retail elements of the development will be taxable sales. The entertainment portion of the proposed development, however, will generate a significant volume of non-taxable sales, particularly ticket sales. The estimated taxable percentage of the total revenues generated by the proposed cinema is 25 percent.

Business License Tax

Business license tax levies in the City are based on the annual gross receipts of a business enterprise located in the City. The annual revenue accruing to the City from the business license taxes generated by the new Harbor Gateway development is estimated at approximately \$438,000. This does recognize the recent changes (lower) in tax rates for warehousing and manufacturing.

Utility Users Tax

The total estimated utility users tax accruing to the City from the proposed development is approximately \$530,000 per year. This figure is based on the following three factors:

- The City of Los Angeles's current 10 percent annual tax on utility usage charges for gas and telephone usage, and 12.5 percent annual tax on electricity usage charges.
- An estimated 2.7 million square feet of total developed space.
- Estimated composite utility users tax rates per square foot per year which vary from a high of \$.46 per square foot to a low of \$.10 per square foot, depending on land use.¹

¹ Based on data contained in Dollars and Cents for Shopping Centers, 1995, and Economics Research Associates.

Property Tax

The ERA estimates of property tax include only the additional (or incremental) revenues accruing to the City over and above the property tax received on the current land value, which is \$13,320,210.¹ The property tax increment accruing to the City from the proposed development is a function of the following three factors:

- **Projected Assessed Value.** Based on the hard construction cost figures provided by the developer (see Tables A-7 and A-8), the total projected assessed value of the Harbor Gateway project at build-out is estimated at approximately \$259 million.
- **Property Tax Rate.** As stated earlier, this rate in the first year is equal to 1 percent of the construction improvement value of the new development. The City receives approximately 26 percent of this 1 percent figure.
- **Minus Existing Improvements.** The existing improvements on the project site are currently valued at approximately \$38.3 million. These structures are to be demolished. The property tax derived therefrom has been netted out in the calculations.

Thus, the net new property tax increment to the City is approximately \$573,173 annually.

PRESENT VALUE

The present value calculations were based on the following assumptions: (1) the City receives the revenues shown in Table III-5 for a 10-year time period, on a quarterly basis; and (2) the revenue stream received by the City is reinvested at a 7 percent interest rate. The figures for total annual revenue received, and the discounted present value of that annual revenue are \$2,794,840 and \$19,979,074, respectively.

¹ Based on data provided by the developer.

Section IV

OVERVIEW OF THE ECONOMIC IMPACT OF THE PROPOSED HARBOR GATEWAY DEVELOPMENT

In order to fully address the questions of the benefit impact of the proposed development, ERA assessed the economic impacts of the development scenario previously outlined. Economic impact analysis focuses on the economic consequences of employment, income, and consumption as opposed to the direct fiscal benefits to the City analyzed earlier.

Economic impacts can be differentiated by time and type. For instance, the construction phase economic impacts are generally short-term effects such as construction employment and manufacturing employment in support of the construction. There are also income impacts in the construction phase that refer to the wages and salaries of construction-related workers.

In contrast to the one-time construction period effects, more long-term consequences are generated by the continued business activities operations within a built project. These would include employment and wage effects that recur over the long run.

In completing its economic impact analysis, ERA has used an adaptation of a computer model recently developed by Drs. Burchell and Listokin for the Urban Land Institute.¹ The summary results of that analysis are shown in Tables IV-1 and IV-2.

CONSTRUCTION PHASE IMPACTS

Employment Impact

Using Table IV-1 as an example, it can be shown that the Harbor Gateway development would create a total employment impact of approximately 3,276 total full-time

¹ Development Impact Assessment Handbook, The Urban Land Institute, 1994.

Table IV-1
ECONOMIC ANALYSIS
SUMMARY OF IMPACTS
CONSTRUCTION PHASE

MDGM1.XLS
IV-1
10/11/95
8:28 AM

Component	Entertainment	Retail/ Restaurant	Office/ Industrial	Total
<u>Employment Impacts</u>				
Employment During Construction Phase				
On-site	62	245	938	1,245
Off-site	8	30	116	154
Manufacturing	55	215	822	1,092
Trade, Transportation and Services	29	115	440	584
All Other	<u>10</u>	<u>40</u>	<u>151</u>	<u>201</u>
Total Employment Supported	164	645	2,467	3,276
<u>Financial Impacts</u>				
New Wages	\$ 5,263,000	\$ 20,694,000	\$ 79,137,000	\$105,094,000

Source: U.S. Department of Commerce RIMMS II and Economics Research Associates

equivalent jobs of various types during the construction phase. In essence, these are job years spread out over the length of the construction, whether two or five years.

Income Impact

The income impact of the total proposed development is determined by multiplying the number of jobs in each category (i.e., on-site and off-site construction, manufacturing, trades, transportation, etc.) by the current average annual wages corresponding to each job category. Total wages and salaries for the project during the construction phase would be approximately \$105,094,000.

OPERATION PHASE IMPACTS

- **Employment and Wages.** Direct employment in the operation phase of the Harbor Gateway development does not include construction workers and construction-related workers, but rather those who will be permanently employed in the hypothetical project. The number of workers employed in the operation of the proposed project is estimated at 3,710¹ (see Table IV-2), with estimated annual wages of \$93,521,000.

The impacts shown above for employment, income (wages and salaries), and expenditures are only the direct impacts from the permanent jobs held by the project employees. However, direct impacts have a multiplier effect of creating indirect impacts, which, in turn, give rise to induced impacts. For instance, indirect employment consists of jobs created by the spending of the project employees' salaries and wages and jobs created in the industries that provide the goods and services essential to the operation of the project. Induced employment includes jobs created by the spending of the wages and salaries of the people who got their jobs during the indirect employment stage.

¹ With part-time employees transferred to equivalent full-time employees.

Table IV-2
ECONOMIC ANALYSIS
SUMMARY OF IMPACTS
OPERATION PHASE

MDGM1.XLS
IV-2
10/11/95
8:29 AM

Component	Entertainment	Retail/ Restaurant	Office/ Industrial	Total
<u>Direct Impacts</u>				
New Employment	110	940	2,660	3,710
New Wages	\$ 1,313,000	\$ 14,390,000	\$ 77,818,000	\$ 93,521,000

Source: U.S. Department of Commerce RIMMS II and Economics Research Associates

It should be noted that not all of the gross revenues from the Harbor Gateway project will add value to the existing regional economy. For example, some of the spending which will occur at Harbor Gateway restaurants would have occurred elsewhere in the region, if Harbor Gateway were not built. However, a complex factoring process would have to be undertaken to net out the spending in the area which would have taken place without the new development. Such a process is beyond the scope of this report. Again, the intent of the economic impact analysis is to provide a picture of the overall benefits that will accrue to the region generally, and the City of Los Angeles in particular, from such development.

APPENDIX

Table A-1
ECONOMIC ANALYSIS
PROJECT DATA

MDGM1.XLS
A-1
10/11/95
8:30 AM

Element	Development			Employment	
	Size (ft ²)	Construction Cost (ft ²) ¹	FF&E (ft ²)	Employees (per 1,000 ft ²) ²	Average hourly wage (per employee)
ENTERTAINMENT/ RETAIL CENTER					
Entertainment					
Cinema	70,000	\$180	\$40	1.5	\$6.25
Retail					
Restaurants	15,000	120	50	3.0	7.50
Major Retail Stores	325,000	120	40	2.5	7.50
Grocery Store	40,000	120	30	2.0	9.50
Office/Industrial					
Office	505,000	160	10	2.5	16.00
Manufacturing	814,136	100	20	1.3	14.50
Warehousing	960,000	\$40	\$10	0.35	\$10.00

¹@\$20 per square foot for Entertainment and Retail components, and soft costs @\$10 per square foot.

²Full time equivalent employment

Table A-2
ECONOMIC ANALYSIS
PROJECT DATA (Continued)

MDGM1.XLS

A-2

10/11/95

8:30 AM

Element	Development			Permanent Employment	
	Size (ft ²)	Construction Cost (\$000)	FF&E (\$000)	Total Employment	Total Annual Wages (\$000) ¹
ENTERTAINMENT/ RETAIL CENTER					
Entertainment					
Cinema	<u>70,000</u>	<u>\$12,600</u>	<u>\$2,800</u>	<u>105</u>	<u>\$1,313</u>
Subtotal Entertainment	70,000	12,600	2,800	105	1,313
Retail					
Restaurants	15,000	\$1,800	\$750	45	\$675
Major Retail Stores	325,000	39,000	13,000	813	12,195
Grocery Store	<u>40,000</u>	<u>4,800</u>	<u>1,200</u>	<u>80</u>	<u>1,520</u>
Subtotal Food and Beverage	380,000	45,600	14,950	938	14,390
Office/Industrial					
Office	505,000	\$80,800	\$5,050	1,263	\$40,416
Manufacturing	814,136	81,414	16,283	1,058	30,682
Warehousing	<u>960,000</u>	<u>38,400</u>	<u>9,600</u>	<u>336</u>	<u>6,720</u>
Subtotal Retail	2,279,136	200,614	30,933	2,657	77,818.0
Total	2,729,136	\$258,814	\$48,683	3,700	\$93,521

¹Not Including Benefits

Source: Economics Research Associates

Table A-3
ECONOMIC ANALYSIS
CONSTRUCTION PHASE
ASSUMPTIONS

MDGM1.XLS
A-3
10/11/95
8:30 AM

Element	Labor Hours ¹					Total
	On-site Construction	Off-site Construction	Manufacturing	Trade, Transportation, and Services	All Others	
ENTERTAINMENT/ RETAIL CENTER						
Entertainment						
Cinema	8.1	1.0	7.1	3.8	1.3	21.3
Retail						
Restaurants	8.1	1.0	7.1	3.8	1.3	21.3
Major Retail Stores	8.1	1.0	7.1	3.8	1.3	21.3
Grocery Store	8.1	1.0	7.1	3.8	1.3	21.3
Office/Industrial						
Office	8.1	1.0	7.1	3.8	1.3	21.3
Manufacturing	8.1	1.0	7.1	3.8	1.3	21.3
Warehousing	8.1	1.0	7.1	3.8	1.3	21.3

Notes:

¹Labor hours per \$1,000 of contract value.

Table A-4
ECONOMIC ANALYSIS
CONSTRUCTION PHASE
FTE JOBS¹ (In Person Years)

MDGM1.XLS
A-4
10/11/95
8:31 AM

Element	On-site Construction	Off-site Construction	Manufacturing	Trade, Transportation, and Services	All Others	Total
ENTERTAINMENT/ RETAIL CENTER						
Entertainment						
Cinema	62	8	55	29	10	164
Subtotal Entertainment	62	8	55	29	10	164
Retail						
Restaurants	10	1	9	5	2	27
Major Retail Stores	211	26	185	99	34	555
Grocery Store	24	3	21	11	4	63
Subtotal Food and Beverage	245	30	215	115	40	645
Office/Industrial						
Office	348	43	305	163	56	915
Manufacturing	396	49	347	186	64	1,042
Warehousing	194	24	170	91	31	510
Subtotal Retail	938	116	822	440	151	2,467
Total	1,245	154	1,092	584	201	3,276

¹Full time equivalent employment (FTE) equals total hours divided by 2,000 hour average work year.

Source: Economics Research Associates

Table A-5
ECONOMIC ANALYSIS
CONSTRUCTION PHASE
INCOME IMPACTS

MDGM1.XLS
A-5
10/12/95
4:29 PM

Element	On-site Construction	Off-site Construction	Manufacturing	Trade, Transportation, and Services	All Others	Total
Entertainment						
Labor Hours	124,740	15,400	109,340	58,520	20,020	328,020
Average Hourly Earnings	\$20.00	\$14.00	\$14.50	\$12.00	\$13.25	\$16.05
Total Wage Income	2,494,800	215,600	1,585,430	702,240	265,265	5,263,335
Disposable Income ¹	2,195,424	189,728	1,395,178	617,971	233,433	4,631,735
Retail						
Labor Hours	490,455	60,550	429,905	230,090	78,715	1,289,715
Average Hourly Earnings	\$20.00	\$14.00	\$14.50	\$12.00	\$13.25	\$16.05
Total Wage Income	9,809,100	847,700	6,233,623	2,761,080	1,042,974	20,694,476
Disposable Income ¹	8,632,008	745,976	5,485,588	2,429,750	917,817	18,211,139
Office/ Industrial						
Labor Hours	1,875,525	231,546	1,643,979	879,876	301,010	4,931,937
Average Hourly Earnings	\$20.00	\$14.00	\$14.50	\$12.00	\$13.25	\$16.05
Total Wage Income	37,510,504	3,241,648	23,837,694	10,558,512	3,988,385	79,136,744
Disposable Income ¹	33,009,243	2,852,651	20,977,170	9,291,491	3,509,779	69,640,334
Total						
Total Labor Hours from All Components	2,490,720	307,496	2,183,224	1,168,486	399,745	6,549,672
Average Hourly Earnings	\$20.00	\$14.00	\$14.50	\$12.00	\$13.25	\$16.05
Total Wage Income	49,814,404	4,304,948	31,656,746	14,021,832	5,296,624	105,094,555
Total Disposable Income ¹	43,836,675	3,788,355	27,857,937	12,339,212	4,661,029	92,483,208

Note:

¹Disposable income equals 88 percent of total wage income.

Source: Employment Development Department and Economics Research Associates

Table A-6
ECONOMIC ANALYSIS
OPERATION PHASE
ANNUAL INCOME IMPACTS

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Element	Entertainment	Retail/ Restaurant	Office/ Industrial	Total
Total Labor Hours from All Components	210,000	1,876,000	5,314,000	7,400,000
Average Hourly Earnings	\$6.25	\$7.67	\$14.64	\$12.64
Total Wage Income	1,312,500	14,390,000	77,818,000	93,520,500
Disposable Income ¹	1,155,000	12,663,200	68,479,840	82,298,040

Note:

¹Disposable income equals 88 percent of total wage income.

Source: California Employment Development Department and Economics Research Associates

Table A-7

HARBOR GATEWAY MASTER PLAN
PROJECT BUILD-OUT
OCTOBER 3, 1995

ASSUMPTIONS:

- (1) Based on McDonnell Douglas property only.
- (2) Assumes industrial developed at 0.35 FAR as manufacturing/R&D.

- (3) New Construction (with Land) Valuations:

Retail:	\$120 per square foot
Theater:	\$180 per square foot
R&D/Office:	\$160 per square foot
Industrial/R&D:	\$100 per square foot
Storage:	\$ 40 per square foot

- (4) Existing Assessed value as of November 1995:

Land:	\$13,320,210
Improvements:	<u>38,362,545</u>
Total	<u>\$51,682,755</u>

Table A-8

**HARBOR GATEWAY MASTER PLAN
PROJECTED BUILD-OUT SCHEDULE
OCTOBER 3, 1995**

<u>Component</u>	<u>Total (sq.ft.)</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Retail	380,000	190,000	190,000				
Theater	70,000	70,000					
R&D/Office	505,000	150,000	150,000	100,000	105,000		
Industrial/R&D	814,136	162,827	162,827	162,827	162,827	162,827	
M.D. Storage	<u>960,000</u>	<u>480,000</u>	<u>480,000</u>	<u> </u>	<u> </u>	<u> </u>	
Total	2,729,136	1,052,827	983,827	262,827	267,827	162,828	
Estimated Project Valuation	\$258,813,600	\$94,882,700	\$82,282,700	\$32,282,700	\$33,082,700	\$16,282,800	